

## **What role for the private sector in South Africa's land reform?**

By Chris Janiec

While critics focus on the government's efforts to initiate expropriations without compensation, an insider says landowners are already starting to experiment with new ownership models.

Financially capable farmers should work towards cooperative ownership models that can help guide inevitable land reform in South Africa, according to an executive at the heart of ongoing discussions of the issue.

John Purchase, chief executive of the Agricultural Business Chamber of South Africa (Agbiz), spoke to *Agri Investor* two days after meeting with South African President Cyril Ramaphosa. As the long-running debate surrounding land reform rises on the national agenda, he said, some South African landowners are beginning to explore ways to transfer ownership stakes to local staff.

He described recent steps by Eddie Prinsloo, a commercial sheep farmer in South Africa's central Free State Province, to transfer ownership of his 1 500 hectare farm to a communal property association made up of his local employees. Purchase said Agbiz has worked with the Banking Association of South Africa to encourage government to take part in such schemes by contributing equity directly to such farms.

"We strongly advocate for such ownership patterns, simply because you are empowering the poor, but also the people who have been working the land and have an interest in that farm. We need to extend those type of joint ventures, or partnerships, between black and white ownership, on farms."

Most investment in South African agriculture comes from local farmers and businesses, according to Purchase, who estimated that about 0.2 percent of

total commercial farmland is owned by foreigners. Even those few instances of foreign ownership often involve wealthy businessmen building homes in the country's southwestern wine belt or scenic mountainous areas, he said. US-based seed companies active in the country generally don't own much farmland.

Raised on a South African farm, Purchase came to his current position at Agbiz after a long agricultural policy development career in the country. Despite attempts by politicians to exploit the current uncertainty surrounding land reform policy, he stressed that no expropriation has taken place to date.

The need for land reform in South Africa has been clear for years. South Africa is the only country in the region with an established system of title deeds, noted Purchase, who said land markets in most other Sub-Saharan countries are based on leases of between 50 and 99 years. President Ramaphosa understands the imperative to maintain the efficiency and competitiveness of South Africa's agricultural system, which has made the country a net exporter of food, he observed.

The government has indicated it wants to work together with the private sector to craft land reform policies that tighten property rights and allow more people to create wealth through property ownership, according to Purchase. Currently, he said, South Africa's Parliament is awaiting a commission's finding about whether the constitution must be revised to make room for expropriation without compensation, under specific circumstances. The report is expected to be released by the end of September.

Purchase estimated that at least 70 percent of commercial farmland in South Africa is owned by white people, who account for 7 percent of the

country's population of 54.8 million. That discrepancy, he said, risks triggering violent protests, making land reform absolutely necessary.

"You are not going to have a sustainable society when you have huge inequalities. We're probably the most unequal country in the world now," said Purchase. "It's a legacy of colonialism. It's a legacy of the apartheid government and it's a skewed distribution which is not sustainable."

Referring to recent consultations with officials, Purchase asserted that the South African government is not interested in owning land and has no intention of compromising property rights. Instead, according to him, it is attempting to extend land ownership by focusing first on reclaiming unused land and abandoned buildings. The government is likely to move on to expropriations, Purchase said, only after a judicial process under which multiple factors (including market value) have been considered.

"Under the current constitution, we believe you would be able to expropriate without compensation if land were stolen or if it were acquired by fraud, etc.," he said. "If this [constitutional revision] is worded incorrectly and if it's too drastic, then it does become an infringement on property rights and that's the last thing we need in South Africa"

The heightened debate regarding South African land reform, Purchase said, partly reflects President Ramaphosa's weak political position. Both before and after Ramaphosa assumed office in February, he advanced, the land issue has become a proxy for battle between factions within his own ruling party as well as an avenue for attack from others on the outside.

Among the groups he is contending with is the Economic Freedom Fighters, which Purchase described as an anarchist platform advocating Venezuela-style nationalization of land, banks, mines and other assets.

“He [Ramaphosa] needs to make a stand. He cannot try to appease all the people all the time, and he certainly has done that,” said Purchase. “There’s a lot of politicians on the far left and the far right trying to exploit the situation of uncertainty.”

The example of disastrous land reform in neighboring Zimbabwe has been raised explicitly by President Ramaphosa as a path not to follow, according to Purchase. But he stressed the urgency to enact changes. While a Zimbabwe scenario is unlikely at this point, he said, worsening inequality is threatening to slow South Africa’s economic development.

“We need to bring a lot more people who are disadvantaged, who don’t have jobs, into the economy, into the mainstream,” said Purchase. “We need to create what we call inclusive growth.”